CITY OF SHOREVIEW AGENDA CITY COUNCIL WORKSHOP September 12, 2011 7:00 P.M.

- 1. ROLL CALL
- 2. ECONOMIC DEVELOPMENT AUTHORITY UPDATE
- 3. DISCUSSION WITH HUMAN RIGHTS COMMISSION
- 4. OTHER ITEMS
- 5. ADJOURNMENT

Memorandum

To:

Mayor and City Council Members

From:

Tom Simonson

Assistant City Manager and Community Development Director

Date:

September 9, 2011

Re:

Economic Development Authority Update

EDA Vacancies

At your last meeting, the EDA discussed the vacancies created by the recent resignations of Bill Fessler and Marlin Rudebusch and directed an amendment to the By-Laws allowing for at-large citizens and local business representatives to serve on the board in seats currently limited to members of the Economic Development Commission. The EDA indicated that since its establishment several years ago, the work plan has evolved to include a significant focus on housing related initiatives, and the board may benefit from a member of the community with a background or interest in housing issues.

When the EDA was established in 2008, it was required that three members of the City Council and two members of the EDC make-up the five-member board. After consulting with legal counsel, the process for changing the composition of the EDA Board of Commissioners requires formal amendments of both the original Enabling Resolution and the adopted By-Laws. Both approved documents specify the EDC as the entity for two of the EDA board seats. Since the Enabling Resolution needs to be amended, a public hearing by the City Council is required. Notification for the public hearing must be published for two consecutive weeks in the local paper. If the Council and EDA elect to revise the membership requirements, a public hearing would be held before the City Council on October 3rd and then applications would be solicited.

An amending Resolution and revised By-Laws have been drafted based on the previous direction of the EDA that would change the make-up of the EDA "to a governing body of five commissioners who shall be three members of the City Council and two members who are: either residents of the City of Shoreview or work in, own, or operate a business within the City limits of Shoreview."

If the EDA and Council desires to maintain a more direct linkage between the EDA and EDC, another option would be to amend the make-up of the board to include one at-large seat from the community and retain one seat from an active member of the Economic Development Commission. Staff is seeking discussion and direction from the EDA and City Council to confirm how you would like to proceed.

Cascades/Southview Senior Living Request for Tax Increment

The developer of the proposed Cascades senior housing project is preparing to move forward with the construction, and is seeking tax increment financing assistance from the City. The project was approved a couple of years ago, but has been delayed due to the unsettling housing market and tighter

restrictions in financing multi-family housing. City staff has had preliminary discussions with the developer and his financing representatives to discuss the potential use of tax increment financing to support some of the eligible project costs, similar to the City assisting with our other senior housing developments.

While the formal tax increment application will be reviewed and processed through the EDA and City Council over the next couple of months, City staff would like to review and receive initial feedback from the EDA on two potential tax increment funding options that could be considered if the City determines the project has merit.

Included is a letter from Lance Lemieux, President of Southview Senior Living, summarizing the request for tax increment financing assistance. Mr. Lemieux cites the high costs associated with the development, in part due to the high value of the land purchase from the previous developer, as well as the recent successful acquisition of the Schneider property adjacent to the development site. The request is for \$750,000 in tax increment support from the City.

City staff explored various tax increment financing options with the developer. One option would be to create a Housing TIF District for a maximum of 25 years, but the developer indicates the requirements for affordability is not consistent with the vision for this project. Therefore, there appears to be two other potential options for providing tax increment financing for the project:

- ▶ The City could utilize existing unencumbered tax increment funds from other TIF Districts. While these resources could be made available (pending more detailed financial analysis), these funds have been pledged for other pending commercial projects or considered for future redevelopment initiatives.
- Another option would be for the creation of a new Economic Development TIF District that would provide tax increment support generated from the Cascades development. The special authority granted by the State Legislature allows for the creation of an Economic Development TIF District for market rate housing if construction begins by January 1, 2012.

While the first option to provide funding support through existing TIF resources may be possible, it does raise a policy issue of utilizing these unobligated dollars for housing rather than economic development and business retention purposes such as the Advantage Shoreview business loan program. Furthermore, the City has identified some of these resources to support commercial projects being proposed including the Stonehenge/Red Fox Road Retail Project.

When the EDA discussed potential uses of our tax increment financing resources, specifically under the temporary special pooling authority, it was determined that as a general rule it would be best to leverage funds that could be generated through a new TIF District by a qualifying development versus use of existing funds may be necessary for other purposes. As such, staff is recommending that the EDA and Council provide direction to the Cascades developer of the City's preference to consider the establishment of an Economic Development TIF District in potential support of their project.

Since the Cascades project has received necessary approvals, it should be possible for the construction to begin before the end of this year to meet the legislative deadline. Staff has developed the following preliminary schedule for the establishment of a new TIF District:

Sch	edule for Establishing an Economic Development Tax Increment District							
	for Cascades of Shoreview Senior Housing Project							
By 10-01- 2011	Cascades of Shoreview submits TIF application and deposit (after this date, schedule will not be achieved due to drafting time for TIF Plan)							
10-18-2011	EDA requests that the City Council call for public hearing							
10-25-2011	City Council calls for public hearing							
11-4-2011	Fiscal/economic implications received by School District & County Board (at least 45 days prior to public hearing)							
11-14-2011	EDA considers the Plans							
11-20-2011	Confirm with City whether building permits have been issued on the property to be included in the District							
11-22-2011	Planning Commission reviews Plans to determine if they are in compliance with the City's Comprehensive Plan							
11-30-2011	Public hearing notice submitted to Paper							
12-6-2011	Date of Publication of public hearing notice and map for establishment of the TIF District (at least 10 days but not more than 30 days prior to the hearing)							
12-19-2011	City Council holds public hearing at 7:00 p.m. for TIF District							
By June 30, 2012	Certify Plans with county & state							

City staff is seeking EDA and Council discussion on the general support of tax increment for this senior housing project and direction on the preferred financing option.

Stonehenge/Red Fox Road Retail Project

The retail development company Stonehenge USA has submitted formal applications for their planned unit development plans and a tax increment financing application will be submitted next week. The development plans are expected to be reviewed by the Planning Commission at their September meeting. Stonehenge will be developing the property in stages, with a multi-tenant retail center being the first phase. Stonehenge also continues to aggressively pursue a preferred retail anchor for a separate building pad. The retail center is expected to have a mix of restaurants and retail services that are well recognized regional and national names. Stonehenge hopes to begin construction of the first phase this fall with an opening expected by April, 2012. A copy of the site and building plan for the retail center is attached.

The Economic Development Authority (EDA) has reviewed and preliminarily endorsed the general terms for tax increment financing assistance to the developer if they meet certain thresholds for bringing preferred retail services and restaurants to the community. A preliminary tax increment development agreement has already been drafted in advance of the formal review. Stonehenge has also begun

discussions with Clear Channel on the relocation of an existing billboard further east on the property in coordination with the City's proposed regulations allowing billboards along the I-694 corridor. Staff will provide an update of the project at the Council workshop meeting.

Midland Plaza/Midland Terrace Redevelopment

As you know, City staff and our engineering consultant SEH have been working with Ramsey County on addressing their concerns with the proposed realignment of Owasso Street to facilitate the redevelopment at Midland Terrace for a new apartment building. The City now believes we have addressed the County's concerns and they are now supportive of the realignment as originally proposed subject to some additional improvements. These design modifications include the addition of dual left turn lanes from eastbound County Road E to northbound Victoria Street and a lengthened left turn lane on northbound Victoria Street. The County believes these additional improvements are needed to accommodate projected traffic growth and ensure the new intersection functions at an acceptable level of service.

SEH is finalizing project cost estimates based on these design modifications, with the County indicating they will provide a financial contribution to the project. Once the revised estimates are completed, the City will be meeting with the developer Tycon Companies to discuss project schedules for both the public road improvements and the construction of the new apartment building. Tycon Companies had delayed the selection of a project architect and contractor until the road design issue was resolved. We now expect Tycon Companies to submit formal applications this fall for the development and related tax increment financing necessary to fund the necessary road improvements.

The City was recently informed by the Metropolitan Council that our Livable Communities Demonstration Account (LCDA) Development Grant application to support the Midland Terrace redevelopment has passed successfully through their "step one" evaluation process and will now move forward to the next level of review. A decision is expected on the grant request by November of this year.

Negotiations to Purchase Property at 3339 Victoria Street

Staff would like to provide an update on our negotiations with Richard McGuire for the purchase of his property at 3339 Victoria Street. The City has presented Mr. McGuire with a purchase agreement and a legal representative through the Veteran's Administration is reviewing the document on the owner's behalf. Mr. McGuire has accepted the general terms (which will require formal approval by the City Council) and appears eager to reach a deal with the City. He has been actively looking for property outside of Shoreview, and has begun to remove some of his equipment and belongings from his garage in preparation for his relocation. The condition of his property has worsened and the City will be placing a deadline on his acceptance of the purchase offer or further code enforcement action will be pursued. If Mr. McGuire accepts the City's purchase offer, an informational meeting will be held with the neighborhood to discuss the process, clean-up and development options for the property. Staff will provide more details at the workshop meeting.



September 7, 2011

Mr. Tom Simonson
Assistant City Manager and
Community Development Director
City of Shoreview, MN

Mr. Simonson:

Shoreview Senior Living, LLC (the "Owner") thanks the City of Shoreview for its assistance and advice throughout the development process of the Cascades of Shoreview ("Cascades"). Cascades is entering the final phases of development and is undertaking the process of financing. As part of our ongoing commitment to bringing the highest possible quality project to the seniors of Shoreview, Cascades has undertaken a number of expenses not typically associated with the development of a senior housing project. In addition, a very difficult lending environment continues to extend the process of locating funding. Cascades recently abandoned its application with the US Department of HUD because of substantial delays with no end in site. As a result, the Owner has converted its financing approach to a conventional bank loan with the assistance of Piper Jaffray Lending, LLC.

In order to give Cascades the best possible opportunity to obtain construction financing, and to commence construction that will create a great number of jobs, Shoreview Senior Living is requesting Tax Increment assistance from the City of Shoreview equal to \$750,000. Tax increment proceeds will be used to defray unusual site costs and revenue lost from the provision of affordable housing to elderly waiver clients. Unencumbered TIF proceeds will be used at closing to offset the elevated equity requirement associated with conventional financing versus the level required by HUD.

As the the City is aware, the lending environment for many small businesses has continued to erode. Lenders are imposing tougher standards and unusually high levels of up-front equity and additional collateral (i.e. letters of credit) in order to fund meaningful, job-creating projects. Current projected operations of the Project require a significant equity contribution by the Owner plus the posting of additional collateral to secure the loan. The attached proforma of the stabilized year operations details stabilized proforma operations with a minimal 1.32 times debt service coverage.

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Outlined below are the unusual site costs already undertaken together with those included in the future scope of the Project:

Unusual Site Costs

Туре	Cost
Utilities to Site	\$ 50,000
Odd Shaped Lot	\$100,000
Window Upgrade	\$ 50,000
(Fire Station Proximity)	
Water Retention	\$ 75,000
Site Access	\$ 75,000
EW Cost	\$150,000
Adjacent Parcel Acquisition	\$200,000
Clear Adjacent Parcel Blight	\$ 25,000
Clear Blight on Project Site	\$ 30,000
Total	\$750,000

Jobs Creation

The Cascades of Shoreview will create 33 full-time equivalent jobs. This represents 54 total new full-time and part-time positions in Shoreview. As our senior population continues to grow, and assisted living facilities are asked to provide care to more and more fragile seniors, the security of existing job levels exists now and the possibility for even greater employee levels is a very real prospect. Construction of the project will provide for 110 total jobs.

Real Estate Taxes

The Cascades of Shoreview will pay an estimated \$130,000 in real estate taxes annually once built and operating. Cascades of Shoreview will be the only assisted living and memore care facility within the City bouldaries providing high-quality care to local seniors.

Affordable Care Component

Cascades anticipates that approximately 12 to 15 units of assisted living will be occupied by seniors that will spend-down their life savings and are required to enter the elderly waiver program. Even in light of the continued cuts to elderly waiver funding, the Owner fully anticpates participation in the program and service to elderly waiver residents. Elderly Waiver residents on average pay approximately \$1,500 to \$2,000 less than a market rate resident per month.

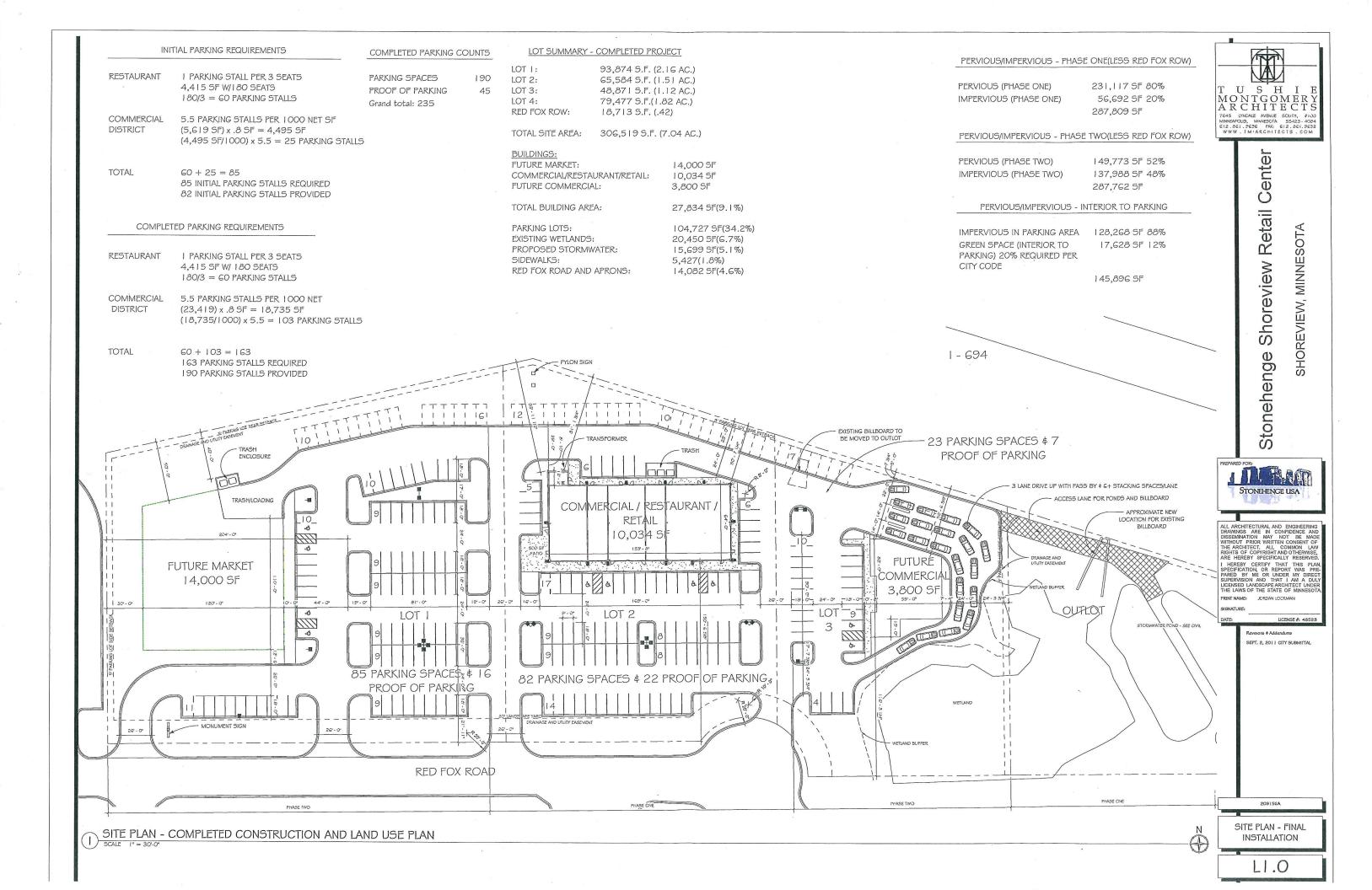
Tax Increment dollars that can be funded in 2011 will greatly enhance the ability of the Cascasdes project to move forward with construction, create very meaningful employment opportunities in the community and to provide high-quality housing for local seniors.

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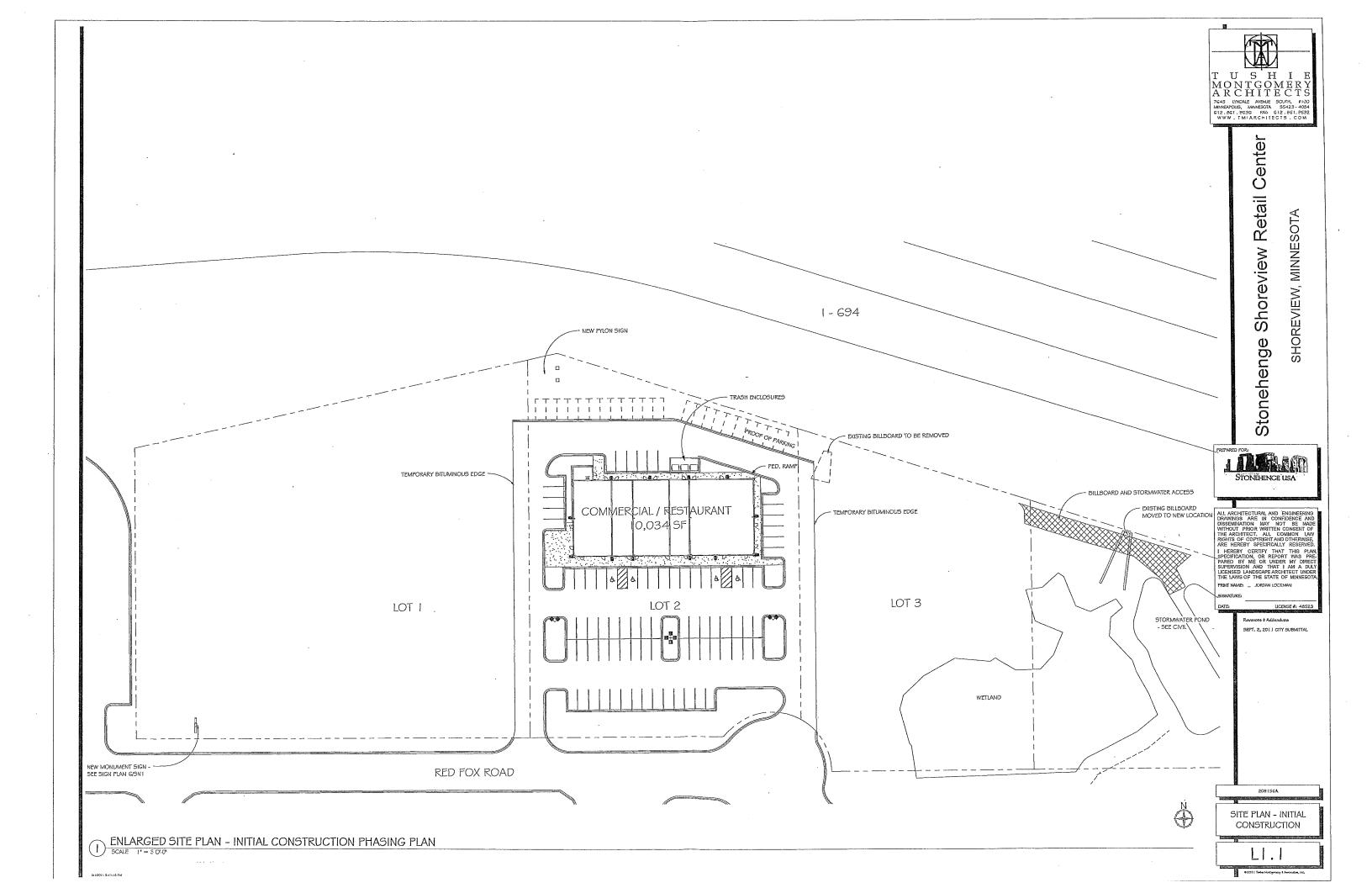
Please do not hesitate to contact me at your convenience. My phone number is (612)810-1209 or you can email me at lancel@southviewcommunities.com.

Sincerely,

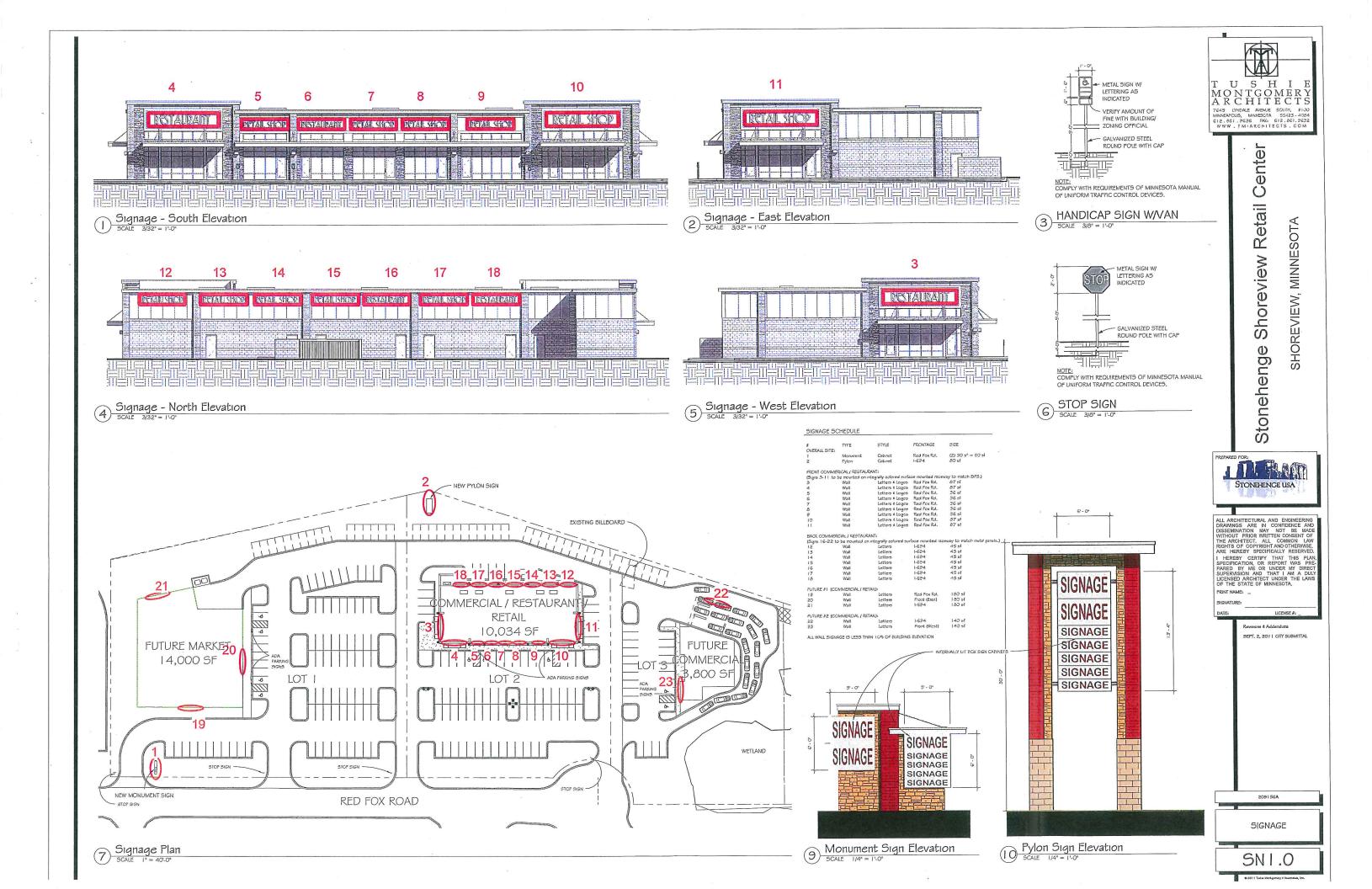
Lance E. Lemieux, President Shoreview Senior Living, LLC

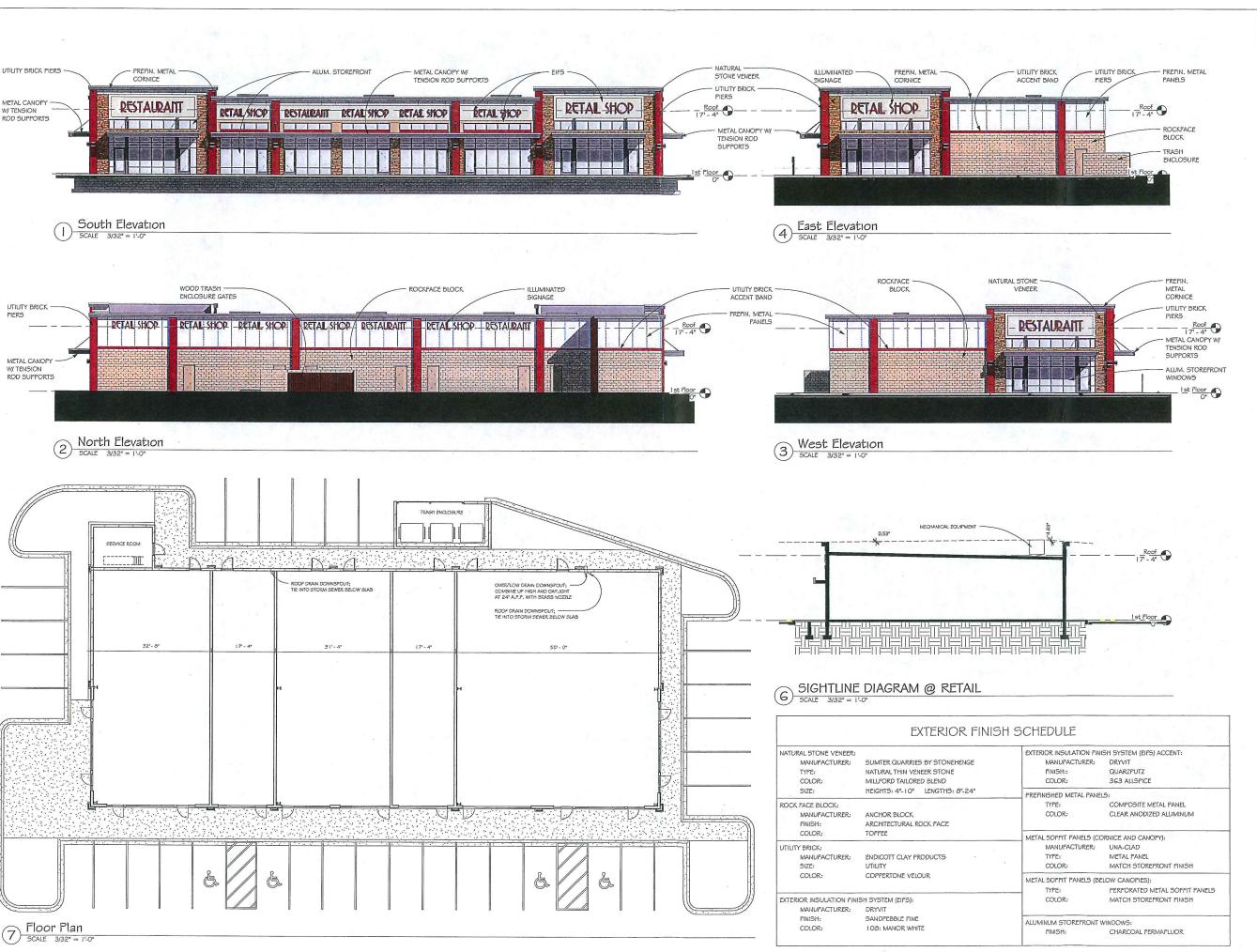


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T U S H I E
MONTGOMERY
A R C H I T E C T S T C S

Stonehenge Shoreview Retail Center

SHOREVIEW, MINNESOTA

FREFARED FOR:

STONEHENGE USA

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ATE: LICENSE #:

Revisions & Addendums
SEPT. 2. 2011 CITY SUBMITTAL

209156A

ELEVATIONS & FLOOR PLAN

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62011 Turke Mort-gonery & Associates, Inc.



Southwest Perspective

SCALE



Southeast Perspective



T U S H I E
MONTGOMERY
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Stonehenge Shoreview Retail Center

SHOREVIEW, MINNESOTA



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Revisions & Addendums SEPT. 2, 2011 CITY SUBMITTAL

209156A

PERSPECTIVES

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TO:

MAYOR AND CITY COUNCIL

FROM:

TESSIA MELVIN

ASSISTANT TO CITY MANAGER

DATE:

MONDAY, SEPTEMBER 12

SUBJECT:

DOMESTIC PARTNER REGISTRY ORDINANCE

INTRODUCTION

The Human Rights Commission met with the City Council in May to discuss the potential of a Domestic Partner Registry Ordinance. The purpose of a domestic partner registration ordinance is to provide unmarried couples who attest that they satisfy the City's definition of "domestic-partnership" the ability to secure documentation that verify their relationship. That documentation can sometimes strengthen a couples' ability to secure benefits from businesses or other entities that can rely on a registration certificate for their paperwork needs.

After some discussion, the Council asked staff to do more research on why Cities were choosing to create such registries and whether or not hospitals would consider the registry when adhering to patient policies.

Staff has researched the above questions. Most cities that have already passed the Domestic Partner Registry Ordinance were approached by OutFront Minnesota. Some hospitals may use it regarding visitation policies, but they still recommend patients have healthcare directive for any healthcare decisions that need to be made. Staff has created a draft ordinance, which is included, that has been reviewed by the Human Rights Commission.

BACKGROUND

In December, the Human Rights Commission met with Phil Duran of OutFront Minnesota to learn about the potential to creating a domestic partner registration in Shoreview. A handful of cities in the metro area have recently adopted domestic partner registration programs.

In 1991, the City of Minneapolis created Minnesota's first municipal domestic-partner registration ordinance. Since then, other cities have followed suit: Duluth (2009), St. Paul (2009), Edina (2010), Golden Valley (2010), Rochester (2010), Maplewood (2010), Richfield (2011), St. Louis Park (2011), Robbinsdale (2011) and Falcon Heights (2011). These ordinances allow a couple to register as domestic partners for a nominal fee (usually \$20-\$40) and receive a certificate that verifies their registration. Most suburban communities who have adopted domestic partner registries have only a small number of residents registered.

The Human Rights Commission agrees that this ordinance is primarily symbolic because it does not necessarily have legal standing. However, the Commission support this ordinance as it

enhances the City's reputation as welcoming to all individuals and families. In addition, the HRC views this as being welcoming new businesses and residents moving into Shoreview. Cities that have adopted domestic partner registration ordinances cannot be held liable for any disputes arising from the domestic partner registry.

DISCUSSION

The Human Rights Commission would like the Council to review the Domestic Partner Registry Ordinance that is attached and consider adopting it at an upcoming City Council meeting.

STATE OF MINNESOTA COUNTY OF RAMSEY CITY OF SHOREVIEW

ORDINANCE NO.

AN ORDINANCE AMENDING THE SHOREVIEW CITY CODE CONCERNING DOMESTIC PARTNERS

The Shoreview City Council ordains that Chapter 600 and its sections and subdivisions is hereby added to the Shoreview Municipal Code to read as follows:

DOMESTIC PARTNER REGISTRY ORDINANCE

Section 1. Chapter 600 of the Shoreview City Code is amended by adding Section 611 to provide as follows:

611.01Purposes and Findings

The City of Shoreview authorizes and establishes a voluntary program of registration for domestic partners. The domestic partnership registry is a means by which unmarried, committed couples who reside in Shoreview and who share a life and home together may document their relationship.

Shoreview's Domestic Partnership ordinance is a City ordinance and does not create rights, privileges or responsibilities that are available to married couples under state or federal law.

The City of Shoreview cannot provide legal advice concerning domestic partnerships. Applicants and registrants may wish to consult with an attorney for such advice including but not limited to: wills, medical matters, finances and powers of attorney, children and dependents, medical and health care employment benefits.

611.02 <u>Definitions</u> <u>Domestic Partners are a</u> Any two adults who meet all of the following:

- a. Are not related by blood closer than permitted under marriage laws of the state.
- b. Are not married.
- c. Are competent to enter into a contract.
- d. Are jointly responsible to each other for the necessities of life.
- e. Are committed to one another to the same extent as married persons are to each other, except for the traditional marital status.
- f. Do not have any other domestic partner(s).
- g. Are both at least 18 years of age.
- h. At least one of whom resides in Shoreview.

Domestic Partnership. The term "domestic partnership" shall include, upon production of valid, government-issued documentation, <u>of said relationship</u> in addition to domestic partnerships registered with the City of Shoreview, and regardless of whether partners in either circumstances have sought further registration with the City of Shoreview:

- A. Any persons who have a currently-registered domestic partnership with a governmental body pursuant to state, local or other law authorizing such registration. The term domestic partnership shall be construed to include unions, regardless of title, in which two individuals are committed to one another as married persons—are traditionally committed, except for the traditional marital status.
- B. Marriages that would be legally recognized as a contract of lawful marriage in another local, state or foreign jurisdiction, but for the operation of Minnesota law.

611.03 Registration of Domestic Partnerships.

- A. The City Clerk shall accept an application in a form provided by the City to register domestic partners who state in such application that they meet the definition of domestic partners.
- B. The City Clerk shall charge an application fee for the registration of domestic partners or notices of termination. The fees required by this Section shall be in the amount set forth in Exhibit A: Administrative Fees.
- C. The City Clerk shall provide each domestic partner with a registration certificate. The registration certificate shall not be issued prior to the third working day after the date of the application.
- D. This application and certificate may be used as evidence of the existence of a domestic partner relationship.
- E. The City Clerk shall keep a record of all registrations of domestic partnership, amendments to registrations and notices of termination. The records shall be maintained so that amendments and notices of termination are filed with the registration of domestic partnership to which they pertain.
- F. The application and amendments thereto, the registration certificate, and termination notices shall constitute government data and will be subject to disclosure pursuant to the terms of the Minnesota Government Data Practices Act.

611.04 Amendments.

The City Clerk may accept amendments for filing from persons who have domestic partnership registrations on file, except amendments which would replace one of the registered partners with another individual.

611.05 Termination of Domestic Partnership.

Domestic partnership registration terminates when the earliest of the following occurs:

- 1. One of the partners dies; or
- 2. Forty-five days after one partner sends the other partner written notice of termination and that he or she has terminated the partnership by filing a notice with the City Clerk.

611.06 City Fees

Terry Schwerm, City Manager

If the City of Shoreview offers a family fee, family membership or family registration membership, domestic partners are entitled to the same family fee, family membership or family registration.

Section 2. Schedule A of the Shoreview City Code is amended by adding the following:

<u>PURPOSE OF FEE OR CHARGE AMOUNT</u>

\$25
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n, Mayor

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